



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FRANKLIN COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE FRANKLIN COUNTY CLERK

Calendar Year 2000

Financial Condition of the Entity:

For the calendar year 2000, the Franklin County Clerk collected \$10,903,412 in total receipts and had \$10,441,943 in total disbursements. He also was paid \$66,366 per the statutory maximum. He paid excess fees to the county of \$390,109.

Notes to the Financial Statements:

Deposits:

As of December 31, 2000, the County Clerk's deposits were fully insured or collateralized, and there was a written agreement between the County Clerk and the financial institution signed by the financial institution but not the County Clerk

Debt Obligations:

The County Clerk's debt as of December 31, 2000, is a lease agreement and a license agreement with Software Management, Inc. for computer hardware and software. The agreements require monthly payments of \$491 and \$425, respectively for 12 months and the agreements can be renewed on an annual basis.

Library and Archives Grant:

The County Clerk received a local records microfilming grant from the Dept. for Libraries and Archives. No funds were expended during the year. As of December 31, 2000, the balance of the grant fund was \$23,109.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Teresa A. Barton, Franklin County Judge/Executive

Honorable Guy Zeigler, Franklin County Clerk

Members of the Franklin County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Franklin County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Teresa A. Barton, Franklin County Judge/Executive
Honorable Guy Zeigler, Franklin County Clerk
Members of the Franklin County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 22, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 22, 2001

FRANKLIN COUNTY
GUY ZEIGLER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Fees For Services	\$	19,690
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Fiscal Court		11,592
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	1,070,942
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Usage Tax		5,649,995
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Tangible Personal Property Tax		3,406,921
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Licenses-

Fish and Game		9,320
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Marriage		15,732
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Beer and Liquor		21,206
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Campaign Filing Fees		1,320
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Deed Transfer Tax		134,010
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Delinquent Tax		236,501
		10,545,947

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	21,636
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Real Estate Mortgages		58,206
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Chattel Mortgages and Financing Statements		126,358
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Powers of Attorney		10,137
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All Other Recordings		69,592
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Charges for Other Services-

Postage		16,528
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Copywork		11,123
		313,580

Other:

Additional Tax Due	\$	75
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Miscellaneous Receipts		380
		455

Interest Earned		12,148
		12,148

Gross Receipts	\$	10,903,412
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FRANKLIN COUNTY
 GUY ZEIGLER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 797,098
Usage Tax	5,459,651
Tangible Personal Property Tax	1,190,899

Licenses-

Fish and Game	9,110
Delinquent Tax	35,877
Legal Process Tax	42,690
Candidate Filing Fees	<u>720</u>
	\$ 7,536,045

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 396,204	
Delinquent Tax	30,151	
Deed Transfer Tax	127,309	
Beer and Liquor Licenses	<u>19,948</u>	573,612

Payments to Other Districts:

Tangible Personal Property Tax	\$ 1,680,413	
Delinquent Tax	<u>112,558</u>	1,792,971

Payments to Sheriff 2,310

Payments to County Attorney 35,679

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries	\$ 357,183
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Contracted Services-

Election Expense	49,116
Printing and Binding	7,118

Materials and Supplies-

Office Supplies	13,984
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FRANKLIN COUNTY
 GUY ZEIGLER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Operating Disbursements and Capital Outlay (Continued):

Other Charges-		
Conventions and Travel	2,859	
Dues	1,250	
Postage	8,500	
Audit	8,701	
Records Preservance	3,259	
Refunds and adjustments	33,309	
Capital Outlay-		
Office Equipment	<u>16,047</u>	<u>501,326</u>
Total Disbursements		<u>\$ 10,441,943</u>
Net Receipts		\$ 461,469
Less: Statutory Maximum		66,366
Training Incentive Pay		<u>1,394</u>
Excess Fees		\$ 393,709
Less: Expense Allowance		<u>3,600</u>
Excess Fees Due County for Calendar Year 2000		\$ 390,109
Payments to County Treasurer - March 15, 2001		375,000
June 25, 2001		<u>15,109</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

FRANKLIN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.28 percent.

FRANKLIN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits:

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name. The Clerk obtained a written security agreement from each of the depository institutions, however, the Clerk did not sign the agreements.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$23,109 in April 2000. No funds were expended in calendar year 2000 for this grant. The unexpended grant balance was \$23,109 as of December 31, 2000.

Note 5. Operating Lease

The office of the County Clerk is committed to one lease agreement with Software Management, Inc. for computer hardware. The agreement requires a monthly payment of \$491 for 12 months to be renewed annually. The agreement can be terminated by either party upon 90 days written notice given to the other party.

Note 6. Other Liabilities

The office of the County Clerk is committed to one license agreement with Software Management, Inc. for computer software. The agreement requires a monthly payment of \$425 for 12 months to be renewed annually. The agreement can be terminated by either party upon 60 days written notice given to the other party.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Franklin County Clerk for the year ended December 31, 2000, and have issued our report thereon dated June 22, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Franklin County Clerk's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Franklin County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 22, 2001

